

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA**

In re: SANTA CRUZ BERRY FARMING COMPANY, LLC

Case No. 15-51771

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

**MONTH ENDED:** 5/31/16

**PETITION DATE:** 05/25/15

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in

2. **Asset and Liability Structure**

- a. Current Assets
- b. Total Assets
- c. Current Liabilities
- d. Total Liabilities

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
a.	\$132,587	\$1,263,127	
b.	\$133,573	\$1,264,113	\$5,618,800
c.	\$201,573	\$1,212,743	
d.	\$4,091,804	\$5,102,974	\$1,615,556

3. **Statement of Cash Receipts & Disbursements for Month**

- a. Total Receipts
- b. Total Disbursements
- c. Excess (Deficiency) of Receipts Over Disbursements (a - b)
- d. Cash Balance Beginning of Month
- e. Cash Balance End of Month (c + d)

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a.	\$13,999	\$1,100,899	\$6,502,036
b.	\$1,356	\$589,985	\$591,341
c.	\$12,643	\$510,914	\$5,910,695
d.	\$119,944	\$29,095	\$0
e.	\$132,587	\$540,009	\$5,910,695

4. **Profit/(Loss) from the Statement of Operations**

5. **Account Receivables (Pre and Post Petition)**

6. **Post-Petition Liabilities**

7. **Past Due Post-Petition Account Payables (over 30 days)**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
	(\$115,984)	\$234,122	\$118,138
5.	\$0	\$673,119	
6.	\$201,573	\$1,212,743	
7.	\$0	\$0	

**At the end of this reporting month:**

- 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)
- 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)
- 10. If the answer is yes to 8 or 9, were all such payments approved by the court?
- 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)
- 12. Is the estate insured for replacement cost of assets and for general liability?
- 13. Are a plan and disclosure statement on file?
- 14. Was there any post-petition borrowing during this reporting period?
- 15. Check if paid: Post-petition taxes X; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: X.  
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 6/20/16

/s/ Robert Fritz Koontz  
Responsible Individual

## STATEMENT OF OPERATIONS

### **(General Business Case)**

For the Month Ended 5/31/16

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 5/31/16

<b>Assets</b>		<u>From Schedules</u>	<u>Market Value</u>
<b>Current Assets</b>			
1 Cash and cash equivalents - unrestricted			\$132,587
2 Cash and cash equivalents - restricted			\$0
3 Accounts receivable (net)	A		\$0
4 Inventory	B		\$0
5 Prepaid expenses			
6 Professional retainers			
7 Other: <u>Cash in crop (net of sales)</u>			\$0
8			
<b>9 Total Current Assets</b>			\$132,587
<b>Property and Equipment (Market Value)</b>			
10 Real property	C		\$0
11 Machinery and equipment	D		\$0
12 Furniture and fixtures	D		\$0
13 Office equipment	D		\$986
14 Leasehold improvements	D		\$0
15 Vehicles	D		\$0
16 Other: _____	D		
17	D		
18	D		
19	D		
20	D		
<b>21 Total Property and Equipment</b>			\$986
<b>Other Assets</b>			
22 Loans to shareholders			
23 Loans to affiliates			
24 <u>Litigation claims against Tom Lange Company Int'l</u>			\$0
25 <u>Litigation claims against other entities</u>			\$0
26			
27			
<b>28 Total Other Assets</b>			\$0
<b>29 Total Assets</b>			<u>\$133,573</u>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

**Liabilities and Equity**  
(General Business Case)

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

30	Salaries and wages		
31	Payroll taxes		\$0
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$192,066
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees (May 25-August 31, 2015)		\$0
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: <u>Commissions Payable</u>		\$9,507
42			
43			
44	<b>Total Current Liabilities</b>		<b>\$201,573</b>

**Long-Term Post-Petition Debt, Net of Current Portion**

45	<b>Total Post-Petition Liabilities</b>		<b>\$201,573</b>
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**Pre-Petition Liabilities (allowed amount)**

47	Secured claims	F	\$2,544,325
48	Priority unsecured claims	F	\$135,925
49	General unsecured claims	F	\$1,209,981
50	<b>Total Pre-Petition Liabilities</b>		<b>\$3,890,231</b>
51	<b>Total Liabilities</b>		<b>\$4,091,804</b>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		\$1,300,810
53	Capital Stock		\$31,125
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		\$1,489,752
56	Post-petition contributions/(distributions) or (draws)		\$0
57			
58	Market value adjustment		(\$6,797,397)
59	<b>Total Equity (Deficit)</b>		<b>(\$3,965,212)</b>
60	<b>Total Liabilities and Equity (Deficit)</b>		<b>\$126,592</b>

**SCHEDULES TO THE BALANCE SHEET**  
**(General Business Case)**

**Schedule A**  
**Accounts Receivable and (Net) Payable**

**Receivables and Payables Agings**

0 -30 Days  
 31-60 Days  
 61-90 Days  
 91+ Days  
 Total accounts receivable/payable  
 Allowance for doubtful accounts  
 Accounts receivable (net)

<b>Accounts Receivable [Pre and Post Petition]</b>	<b>Accounts Payable [Post Petition]</b>	<b>Past Due Post Petition Debt</b>
\$0	\$0	
\$0	\$0	
\$108,605	\$201,573	
\$0	\$0	
\$108,605	\$201,573	
<b>\$108,605</b>		

**Schedule B**  
**Inventory/Cost of Goods Sold**

**Types and Amount of Inventory(ies)**

Retail/Restaurants -  
 Product for resale

**Inventory(ies)  
Balance at  
End of Month**

Distribution -  
 Products for resale

Manufacturer -  
 Raw Materials  
 Work-in-progress  
 Finished goods

Other - Explain

**TOTAL**

**Cost of Goods Sold**

**Inventory Beginning of Month**

Add -

Net purchase  
 Direct labor  
 Manufacturing overhead  
 Freight in  
 Other:

Less -

Inventory End of Month  
 Shrinkage  
 Personal Use

Cost of Goods Sold

\$0

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes  No

How often do you take a complete physical inventory?

**Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost   
 LIFO cost   
 Lower of cost or market   
 Retail method   
 Other   
 Explain

Date of last physical inventory was

Date of next physical inventory is

**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	<u>\$0</u>	<u>\$0</u>

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Furniture & Fixtures -		
Total	<u>\$0</u>	<u>\$0</u>
Office Equipment -		
Computers, software, office equipment (net of depreciation)		
Total	<u>\$0</u>	<u>\$986</u>
Leasehold Improvements -		
Total	<u>\$0</u>	<u>\$0</u>
Vehicles -		
Total	<u>\$0</u>	<u>\$0</u>

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

<b>Taxes Payable</b>	<b><u>0-30 Days</u></b>	<b><u>31-60 Days</u></b>	<b><u>61-90 Days</u></b>	<b><u>91+ Days</u></b>	<b><u>Total</u></b>
<b>Federal</b>					
Income Tax Withholding	\$0	\$0			\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	\$0	\$0	\$0	\$0	\$0
<b>State and Local</b>					
Income Tax Withholding	\$0	\$0			\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

**List Total Claims For Each Classification -**

<b>Claimed Amount</b>	<b>Allowed Amount (b)</b>
\$2,544,325	\$2,544,325
\$135,925	\$135,925
\$1,209,981	\$1,209,981

(a) List total amount of claims even it under secured.  
 (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<b><u>Account 1</u></b>	<b><u>Account 2</u></b>	<b><u>Account 3</u></b>	<b><u>Account 4</u></b>
Bank	Rabobank	Rabobank	Wells Fargo	
Account Type	Checking	Checking	IOLTA	
Account No.	xxxx42051	xxxx31873	xxxx0409	
Account Purpose	General	Payroll	Client Trust	
Balance, End of Month	\$0	\$0	\$119,974	
Total Funds on Hand for all Accounts	<b><u>\$119,974</u></b>			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

# STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/16

		Actual <u>Current Month</u>	Cumulative (Case to Date)
<b>Cash Receipts</b>			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$13,999	\$6,502,036
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$0
6	Capital Contributions	\$0	\$0
7		\$0	\$0
8		\$0	\$0
9		\$0	\$0
10		\$0	\$0
11		\$0	\$0
12	<b>Total Cash Receipts</b>	<b>\$13,999</b>	<b>\$6,502,036</b>
<b>Cash Disbursements</b>			
13	Payments for Inventory	0	0
14	Selling	\$0	\$212,427
15	Administrative	\$0	\$101,331
16	Capital Expenditures	\$0	\$0
17	Principal Payments on Debt	\$0	\$0
18	Interest Paid	\$0	\$1,195
19	Rent/Lease:		
20	Personal Property	\$0	\$0
21	Real Property	\$0	\$173,891
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries	\$0	\$0
24	Draws	\$0	\$0
25	Commissions/Royalties	\$0	\$0
26	Expense Reimbursements	\$0	\$0
27	Other	\$0	\$0
28	Salaries/Commissions (less employee withholding)	\$0	\$3,254,858
29	Management Fees	\$0	\$0
30	Taxes:		
31	Employee Withholding	\$0	\$0
32	Employer Payroll Taxes	\$706	\$379,394
33	Real Property Taxes	\$0	\$3,000
34	Other Taxes	\$0	\$0
35	Other Cash Outflows:		
36	Cooling Costs	\$0	\$141,903
37	Tectrol, Peak Fresh and Recorder Costs	\$0	\$27,556
38	Packaging Materials	\$0	\$715,029
39	Direct Crop Costs	\$0	\$431,655
40	Workers Compensation Premiums	\$0	\$117,406
41	US Trustee Fees	\$650	\$21,875
42	Settlement Payment to Cal Coastal	\$0	\$369,194
43	<b>Total Cash Disbursements:</b>	<b>\$1,356</b>	<b>\$5,950,714</b>
44	<b>Net Increase (Decrease) in Cash</b>	<b>\$12,643</b>	<b>\$551,322</b>
45	<b>Cash Balance, Beginning of Period</b>	<b>\$119,944</b>	<b>\$0</b>
46	<b>Cash Balance, End of Period</b>	<b>\$132,587</b>	<b>\$551,322</b>

**PROOF OF SERVICE OF DOCUMENT**

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
**3199 Airport Loop Drive, Suite A3, Costa Mesa, California 92626**

A true and correct copy of the foregoing document described **MAY 2016 MONTHLY OPERATING REPORT** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

**I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On 6/27/2016 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- United States Trustee (SJ) USTPRegion17.SJ.ECF@usdoj.gov, ltroxas@hotmail.com
- Thomas A Vogelete on behalf of Debtor tvogelete@tvalaw.com
- Effie F. Anastassiou on behalf of Creditor California Coastal Rural Development Corp. and K&M Enterprises, LLC effieesq@salinasaglaw.com; paralegal@salinasaglaw.com
- Joseph M. Welch on behalf of creditor Tom Lange jwelch@buchalter.com; dcyrankowski@buchalter.com
- William Brody on behalf of creditor Tom Lange wbrody@buchalter.com
- Thomas J. Polis on behalf of Debtor Santa Cruz Berry Farming Company, LLC tom@polis-law.com, paralegal@polis-law.com
- Michael A. Sweet and Dale L. Bratton on behalf of Creditor Committee Official Committee of Unsecured Creditors msweet@foxrothschild.com, mflores@foxrothschild.com, brattonlaw@comcast.net
- Rebecca A. Caley on behalf of Requestor Mercedes-Benz Financial Services dba Daimler Truck Financial rcaley@caleylaw.com
- Ralph P. Guenther on behalf of Creditor Del Mar Food Products Corp and Richard Gurnee courts@tkdougherty.com; angelal@montereylaw.com; rguenther@Montereylaw.com
- Jerry Namba on behalf of Creditor Beth Crandall nambaepiq@earthlink.net; jnambaepiq@earthlink.net
- Barbara Choi on behalf of Pajaro Valley Water Management Agency bchoi@abc-law.com
- Torianna Homes on behalf of Creditor Ally Financial Serviced by Ally Servicing LLC tsh@severson.com
- Thomas P. House on behalf of Requestor Sambralio Packaging tomhouse@attorneyhouse.com
- Steven Koch on behalf of Creditor Helena Chemical Company smk@tularecountylaw.com
- Susan Luce on behalf of Requestor Janey Leonardich sbluceatty@yahoo.com
- Austin P. Nigel on behalf of Ford Credit Melissa@apnagellaw.com
- Henry Niles on behalf of Creditor Douglas Brouwer hbniles@hbniles.com
- Brian Hayag on behalf of Creditors Julie Packard, Nancy Burnett and Robert Stephens brian.hayag@pillsburylaw.com
- Alan Smith on behalf of Creditor Lakeside Organics ajsmith@grunskylaw.com

Service information continued on attached page

**II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL** (indicate method for each person or entity served):

On 6/27/2016 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class,

postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

**III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 6/27/2016, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

6/27/16

/s/ Angela Brown

**VIA OVERNITE EXPRESS**

Judge M. Elaine Hammond  
United States Bankruptcy Court  
Northern District of California  
United States Courthouse, Room 3035  
280 South First Street  
San Jose, CA 95113-3099

EDD  
Bay Area Collection Office  
7677 Oakport Street, Suite 400  
Oakland, CA 94621-1933  
E: itcdbq@edd.ca.gov

UNITED STATES TRUSTEE (SJ)  
280 S 1st St #268  
San Jose, CA 95113

Franchise Tax Board  
Bankruptcy Section MS A-340  
PO Box 2952  
Sacramento, CA 95812-2952  
E: BKBNCNotices@ftb.ca.gov

**VIA EMAIL**

Armando Ramirez  
287 Carsserly Road  
Watsonville, CA 95076  
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Internal Revenue Service  
Department of the Treasury  
Ogden, UT 04201-0005  
E: cio.bncmail@irs.gov

CCOF Certification Services, LLC  
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Kanaka Peak Service  
Attn: Beth Crandall  
PO BOX 1287  
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E: bethcrandall@att.net

Cedar Point Nursery  
PO BOX 1447  
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E: cpaulsen@cedarpointnursery.net

Norcal Nursery  
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NABTA USA International, Inc.  
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**VIA US MAIL**  
Cypress Ag Consulting  
PO BOX 3597  
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8080 North Palm Ave., Suite 210  
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Fenton & Keller  
PO BOX 791  
Monterey, CA 93942

Nationwide Agribusiness Ins.  
c/o McSherry & Hudson  
PO BOX 2690  
Watsonville, CA 95077

Pacific Gas and Electric Company  
PO BOX 8329  
Stockton, CA 95208

RDO Water, LLC  
10108 Riverford Road  
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Richard Jon Gurnee, Switzer Trust,  
Etheleen Callender Trust  
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Wendal Rosen Black & Dean, LLP  
1111 Broadway, 24th Floor  
Oakland, CA 94607